

ALJ/TRP/avs

Decision 01-10-022 October 10, 2001

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Verizon Select Services Inc. (U 5494 C) to Transfer California Customer Base and Withdraw the Provision of Local Bundled Service.

Application 00-12-012  
(Filed December 13, 2000)

**OPINION APPROVING COMPLIANCE  
REPORT AND CLOSING DOCKET**

**I. Summary**

This order approves the compliance report and completion of the restitution requirement ordered in D.01-06-036 regarding customers who may have been misled into early termination of their service. The proceeding is closed.

**II. Background**

Verizon Select Services, Inc. (VSSI), formerly known as GTE Communications Corporation, <sup>1</sup> filed an application on December 13, 2000, pursuant to General Order (GO) 96-A for Commission authority to withdraw its provision of resold local exchange service and related bundled service offerings in California. VSSI plans to continue providing long distance service in California.

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<sup>1</sup> VSSI is a corporation organized under the laws of the state of Delaware with its principal place of business at 6665 N. MacArthur Blvd., Irving, Texas.

In conjunction with this decision to withdraw the provision of local residential services, VSSI sought Commission authority to transfer its entire customer base either to (1) the customers' local carrier of choice or, (2) if no choice is made, to the underlying incumbent local exchange carrier (ILEC), Pacific Bell Telephone Company (Pacific) or Verizon California Inc. (Verizon California). To facilitate customer transfer and facilitate its request for expedited treatment, VSSI developed a customer notification and transfer plan.

VSSI began customer notification and transfer in December 2000 in a number of states other than California (consistent with Commission rules in those states).

In Decision (D.) 01-06-036, the Commission approved the application of VSSI to withdraw from providing bundled local service and to transfer its customer base, subject to certain conditions. In particular, we required that VSSI's withdrawal may become effective only after VSSI provides customers proper notice of the Commission-authorized date for service to terminate and the information necessary to permit them to make the best informed choice concerning alternative service providers. Customers were to be given a minimum of 30 days from the date of notification to terminate their VSSI service and to find another carrier. We authorized VSSI to withdraw from the provision of bundled local service 30 days after it had mailed notification to customers advising them of the Commission's approval of VSSI's application to terminate service.

VSSI was directed to send confirmation to the assigned Administrative Law Judge (ALJ) certifying that the notices had properly been sent as directed. On the condition that VSSI has complied with proper notice requirements and

the other terms as set forth in this decision, VSSI would be authorized to withdraw from offering local service.

We also required VSSI to take appropriate steps to make restitution to eligible customers that prematurely switched to a more expensive or inferior service alternative based on the mistaken belief that their service would be cut off by March 19, 2001. We required VSSI to contact those former customers that switched to another carrier after receiving notices directing them to switch by March 19, 2001. Former customers were to be given 20 days following receipt of the notice in which to reply to VSSI. We required VSSI to reimburse eligible former customers that responded to the notice, compensating them for the difference between what they would have paid under the OneSource bundled service versus what they had to pay for replacement service from an alternative provider.

VSSI was directed to file a compliance report with the Commission no later than June 29, 2001, confirming its compliance with the customer restitution as prescribed in D.01-06-036. On June 29, 2001, VSSI filed a preliminary report stating the numbers of letters sent and the steps it was taking to issue appropriate reimbursement to customers in compliance with the terms of D.01-06-036. Because customers had not yet had an opportunity to respond to the reimbursement letter, VSSI proposed to file its final compliance report on August 20, 2001.

By ALJ Ruling dated July 11, 2001, VSSI was granted leave to file a final compliance report on August 20, 2001. On August 20, 2001, VSSI filed its final compliance report, indicating that it had received 16,289 requests for restitution, and had paid \$395,696.96 in response to those requests.

### **III. Discussion**

As directed in D.01-06-036, a final order in this docket was to issue following receipt and approval of the above-referenced compliance report. With the filing of the August 20, 2001 report, we are now in receipt of the final compliance report of VSSI. We have reviewed the report and hereby approve it as being in conformance with the requirements of D.01-06-036.

This docket was left open for receipt and disposition of VSSI's compliance report. Since we have now received and approved VSSI's compliance report, all outstanding issues in the docket have been concluded, and the docket can be closed.

### **IV. Section 311 (g)(2) – Uncontested Decision Grants Relief Requested**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311 (g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Findings of Fact**

1. VSSI was certificated to provide competitive local exchange service in 1996 under its prior business name of GTE Communications.
2. At the time its application was filed, VSSI offered local exchange, long distance, and other add-on features in a bundled service offering called "OneSource."
3. In its application, VSSI sought to withdraw from the provision of local service, but to continue offering long distance service and to retain the option to reenter the local exchange market in the future utilizing a different platform.
4. In D.01-06-036, VSSI's application was granted subject to certain conditions.

5. In D.01-06-036, VSSI was directed to contact those former customers that switched to another carrier after receiving notices directing them to switch by March 19, 2001, and to make restitution to eligible customers that prematurely switched to a more expensive or inferior service alternative based on the mistaken belief that their service would be cut off by March 19, 2001.

6. In its compliance report dated August 20, 2001, VSSI reported on its compliance with Commission mandated customer restitution requirements.

**Conclusions of Law**

1. VSSI has complied with the customer restitution requirements of D.01-06-036.
2. VSSI's compliance report should be approved.
3. All outstanding issues in this docket have been resolved, and this docket should be closed.

**O R D E R**

**IT IS ORDERED** that:

1. The preliminary compliance report filed on June 29, 2001, and the final compliance report filed on August 20, 2001 by Verizon Select Services, Inc. are hereby approved.
2. Application 00-12-012 is closed.

This order is effective today.

Dated October 10, 2001, at San Francisco, California.

LORETTA M. LYNCH  
President  
HENRY M. DUQUE  
RICHARD A. BILAS

CARL W. WOOD  
GEOFFREY F. BROWN  
Commissioners